

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2004-2

January 13, 2004

AQUA MAINE, INC. F/K/A
CONSUMERS MAINE WATER COMPANY
Request for Approval of Affiliated Interest
Transaction Between Consumers Maine Water
And Consumers New Jersey Water

ORDER

WELCH, Chairman; DIAMOND, and REISHUS Commissioners

I. SUMMARY

In this Order, we approve an affiliated interest transaction between Consumers Maine Water Company (Consumers Maine) and its affiliate Consumers New Jersey Water Company (Consumers New Jersey), for cash receipt services. In addition, we require Consumers Maine to file a report on April 1, 2004 summarizing the progress in selecting a cash receipts provider.

II. BACKGROUND

Consumers New Jersey has provided cash receipt services to Consumers Maine since 1998. When we approved the original contract in 1998, we required Consumers Maine to conduct a price comparison if the contract was to be renewed beyond 2000, consistent with the price comparison requirements contained in our Order in Docket No. 94-352. *Consumers Maine Water Co., Application for Approval of Affiliated Interest Contract*, Docket No. 97-974 (Feb. 25, 1998).

In early 2000, Consumers Maine requested approval to extend the arrangement for an additional two years. We approved the arrangement but directed Consumers Maine to be clear in any future filings about what price comparisons it had conducted and, if it believed that the size of the contract warranted the factors in Docket No. 94-352 to be inapplicable, to so state.

On December 28, 2001, Consumers Maine requested an additional two-year extension to the arrangement at the same 12¢ per receipt charge previously approved. By Order in Docket No. 2001-886, we approved this arrangement citing the small size of the contract (approximately \$5,800 annually) and that the price had not changed in four years.

On December 24, 2003, Consumers Maine filed a request to extend this contract for an additional six months or until June 30, 2004 with the price remaining at the same 12¢ per receipt charge previously approved. Consumers states that its parent company, Philadelphia Suburban Corporation is in the process of reviewing all cash

receipt processing centers within its 14-state operation in order to find the least cost alternative. While it was expected that the review would be completed prior to the end of 2003, it did not happen and Consumers has requested this extension.

III. DECISION

Given the small size of the contract, the short term of the extension and based on the fact that the price has remained the same over the past four years, we approve the arrangement.

However, we are concerned that Consumers Maine is only waiting for its parent company to complete its review of "all cash receipt processing centers within its 14-state operation". We remind Consumers Maine that it has the responsibility to its customers to ensure that services it contracts for are the best alternative. A parent or sister company may not be the best alternative, and it is Consumers Maine responsibility to ensure that a contract with an affiliate is comparable to a contract with a non-affiliated entity. Therefore, we require Consumers Maine to file by April 1, 2004, a progress report summarizing the status of not only the parent company's review, but also of its review to ensure that the best alternative is selected. If Consumers ultimately decides to contract with another affiliate for this service, we would expect it to file the proposed contract sufficiently in advance of July 1, 2004, to allow ample time for review.

Dated at Augusta, Maine, this 13th day of January, 2004

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
 Diamond
 Reishus

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Civil Procedure, Rule 73, et seq.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.